



Cap and Trade Auction Proceeds Investments to Benefit Disadvantaged Communities

Interim Guidance to Agencies Administering Greenhouse Gas Reduction Fund Monies

California Environmental Protection Agency

 **Air Resources Board**

Background

Senate Bill 535 (De León, 2012)

“It is the intent of the Legislature that this act continue California’s implementation of AB 32 by directing resources to the state’s most impacted and disadvantaged communities to ensure activities...will provide economic and health benefits to these communities”

Implementing Legislation

SB 1018 (2012)	<ul style="list-style-type: none">• Established Greenhouse Gas Fund• Expenditure records
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AB 1532 (Perez, 2012)	<ul style="list-style-type: none">• 3-Year investment plans• Further the purposes of AB 32
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SB 535 (De León, 2012)	<ul style="list-style-type: none">• Investments in disadvantaged communities
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SB 862 (2014)	<ul style="list-style-type: none">• ARB to develop funding guidelines• Disadvantaged community targets
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ARB Roles & Responsibilities

- Administer the Greenhouse Gas Reduction Fund (Fund)
- Hold a public hearing on the triennial Investment Plan
- Implement *Low Carbon Transportation* program
- Consult with Strategic Growth Council on *Affordable Housing and Sustainable Communities* program
- Consult with Caltrans on *Low Carbon Transit Operations*
- Develop funding guidelines for all agencies

State Administering Agencies

California
Strategic Growth Council

CalSTA
CALIFORNIA STATE TRANSPORTATION AGENCY



CALIFORNIA
High-Speed Rail Authority

California Environmental Protection Agency
Air Resources Board



CALIFORNIA DEPARTMENT OF
FOOD & AGRICULTURE



- Each agency designs and implements its own program consistent with statutory direction, including public process, project criteria & selection
- Each agency incorporates ARB guidance on investments to benefit disadvantaged communities

FY 2014-15 Appropriations by Agency

HSRA - High Speed Rail	\$ 250M
CalSTA/Local Transit Agencies - Low Carbon Transit Operations	\$ 25M
Caltrans/CTC - Transit and Intercity Rail Capital Program	\$ 25M
SGC - Affordable Housing & Sustainable Communities	\$ 130M
ARB - Low Carbon Transportation	\$ 200M
CSD - Energy Efficiency Upgrades / Weatherization	\$ 75M
CEC - Energy Efficiency for Public Buildings	\$ 20M
CDFA - Agricultural Energy and Operational Efficiency	\$ 15M
CDFW - Wetlands and Watershed Restoration	\$ 25M
CAL FIRE - Fire Prevention and Urban Forestry Projects	\$ 42M
Cal Recycle - Waste Diversion	\$ 25M
Total	\$ 832M

Legislature also amended FY 2013-14 budget to provide funds to DWR, CDFA, and ARB

ARB Auction Proceeds Website

arb.ca.gov/auctionproceeds

- Central portal for information on all programs

- Budgets
- Program links
- Guidance
- Expenditure records
- Notice of events

Current Activities

- Information on Funded Programs and Events
 - Transportation
 - Energy
 - Resources and Waste

What's New

Investments to Benefit Disadvantaged Communities

- Board Notice
- ARB Draft Interim Guidance
- Submit Comments
- CalEPA Discussion Document

Other Activities

- CAL FIRE GHG Grants Webinar September 24
- CSD-Weatherization Guideline Workshop

ARB Developing Guidance in Stages

- Agencies need guidance quickly to begin implementing programs
- Interim Guidance:
 - SB 1018 Expenditure Record (Aug 2014)
 - SB 535 Investments to Benefit Disadvantaged Communities (Sep 2014)
- Full funding guidelines with extended public process (mid-2015)

Interim Guidance - Expenditure Record

- Prior to first fund withdrawal for projects, agency prepares record for accountability:
 - Proposed use of funds and how project will reduce GHG and provide co-benefits
 - How agency will determine/document benefits
- ARB reviews/consults/concurs on record
- ARB posts record and memo at:
arb.ca.gov/auctionproceeds

Full Funding Guidelines

- Learn from early implementation and adjust as needed
- Provide accountability, consistency, and transparency
- Guidelines to include:
 - Interim guidance topics
 - Methodologies to quantify project GHG reductions and co-benefits
 - Metrics to document project benefits
 - Reporting and on-line project tracking
- Extended public and interagency process

SB 535 Requirements

State Roles to Implement SB 535

Legislature and Governor

Budget and requirements for programs

CalEPA

Identify disadvantaged communities

Maps that define communities

ARB

Provide guidance to agencies on SB 535

Guidance to maximize benefits

State Agencies Administering Proceeds

Invest in projects that cut greenhouse gases and benefit disadvantaged communities

CalEPA to Identify Disadvantaged Communities

- Based on *CalEnviroScreen 2.0*, a screening tool that reflects 19 indicators for 8,000 census tracts:
 - Multi-media pollution burden
 - Population sensitivity and socioeconomic factors
- CalEPA to identify communities this month
 - “Top 20%” would include 1,600 census tracts in Central Valley, South Coast, Border region, Bay Area

Investment Targets

For monies in the Fund

- For total investment portfolio, SB 535 requires the investment plan to:
 - Allocate at least 10% of funds to projects “located in” disadvantaged communities
 - Allocate at least 25% of funds to projects “benefiting” disadvantaged communities
- Budget trailer bill set some program-specific investment targets



How will we meet or exceed the investment targets for disadvantaged communities?

Million \$ for FY 2014-15

\$100	Low-carbon transportation
\$75	Weatherization/renewables
\$65	Housing/sustainable communities
\$18	Urban forestry
~\$8	Low-carbon transit operations
\$6	Transit/intercity rail capital projects
TBD	All other programs
\$272+	Over 32% of total funding

Draft Interim Guidance for Investments to Benefit Disadvantaged Communities

ARB Draft Interim Guidance

- Framework for projects funded w/FY 2014-15 monies so agencies can move quickly
- Approaches to maximize benefits and access to benefits
- Criteria for project evaluation to support benefits that are **direct, meaningful, & assured**
- Draft released August 22

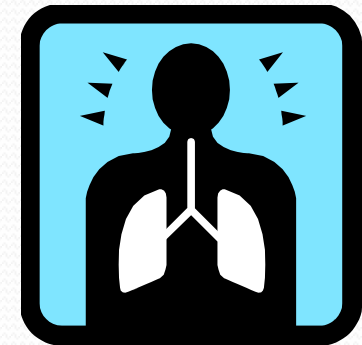


Maximizing Benefits to Disadvantaged Communities

- Target funding, as feasible, for projects located in and benefiting communities based on ARB criteria
- Expand community engagement to increase awareness and support access to funding
- Work together with other programs to achieve multiple benefits in a community
- Address needs commonly identified by communities or factors contributing to “disadvantaged” status

Examples of Common Needs

- Reduce health harms through clean air, plus walking, biking, and recreation
- Increase safety and thermal comfort
- Create quality jobs and job training
- Improve transit access and service
- Cut housing, transportation, energy costs
- Reduce exposure to local air toxics
- Prioritize zero emissions in areas with high diesel soot levels



Steps to Assess Benefits to Disadvantaged Communities

1. Determine project eligibility according to law and agency-specific requirements
2. Screen potential projects against the “yes/no” benefit criteria in tables (by project type)
3. If “yes” for one or more criteria, all Fund monies to implement project are included toward SB 535 targets
4. If “no,” project can still be funded, but won’t be credited toward SB 535 targets

“Yes/No” Criteria

- A. Located within and provides direct benefits to a disadvantaged community
 - 1. Based on physical location being entirely or primarily within a disadvantaged community census tract

OR

- B. Is not located within, but provides direct benefits to, one or more disadvantaged communities
 - 1. Based on proximity/access to benefit for residents (e.g., ½ mile, ZIP code)
 - 2. Provides jobs/job training, cleaner air, transit, access to green space, waste diversion, etc.

Example: zero-emission truck/bus vouchers

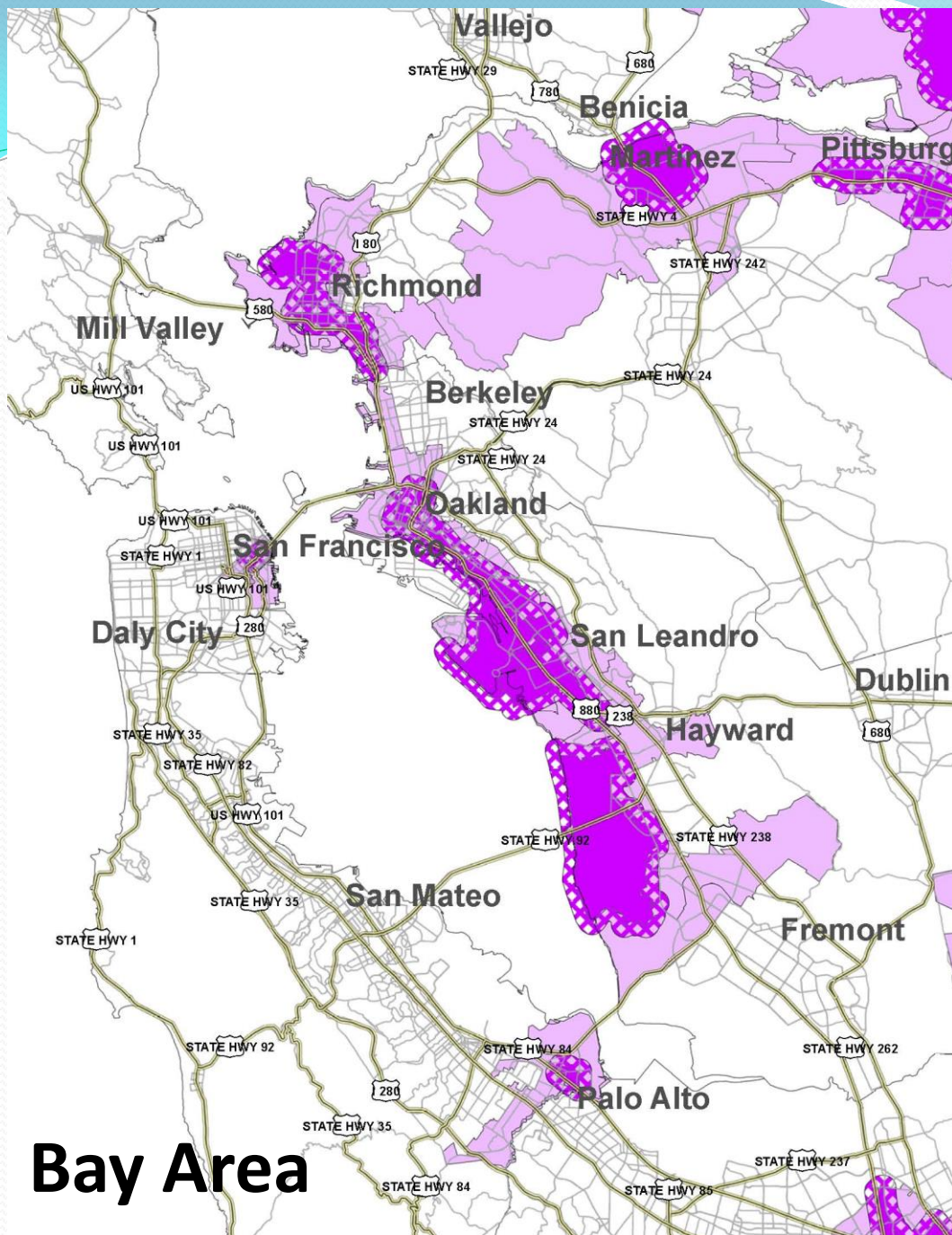
(primary co-benefit – improved air quality)

“Within”

- vehicle based in a community census tract; or
- travels a fixed route primarily in these tracts; or
- serves transit stations/stops in these tracts

“Benefiting”

- vehicle based in ZIP code that contains a community census tract; or
- serves a hub in such a ZIP code; or
- operates primarily on impacted corridors that substantially impact air quality in these tracts



Top 20% of Census Tracts

- *All project types*

Half mile from tract boundaries

- *Local transit*
- *Affordable housing*
- *Natural resources*

ZIP codes containing those tracts

- *Intercity transit*
- *Passenger vehicles*
- *Freight projects*

Public Engagement

- With CalEPA, three joint workshops and one community briefing (more than 400 attendees)
 - Fresno, Los Angeles, Oakland, Mecca
- Over 130 written comments



Comment Themes

- Who has funding? How will \$ be distributed?
- Central source/contact for all programs
- More outreach and assistance for communities
- Coordination among agencies
- Ongoing reporting and accountability
- Geographic criteria -- broader or narrower?
- Flexibility for administering agencies v. rigor of benefits criteria and credibility to communities

Proposed Revisions to Draft Interim Guidance

- Higher expectations for community engagement
- Emphasis on direct, meaningful, assured benefits
- Add criteria to tables to recognize value of:
 - Alternative mobility options
 - Improved safety and comfort of transit stops
 - Reduced flood risk
 - “½ mile” must be accessible by walking
- Clarity on each agency’s ability to use criteria in multiple tables based on project type

Next Steps

- End of September 2014
 - CalEPA identification of disadvantaged communities
 - ARB release of *Final Interim Guidance*
- Oct 2014 to Mid-2015: Develop full funding guidelines
 - Continue coordination with agencies & stakeholders
 - Host public workshops
 - Board Hearing in 2015

Staff Recommendation

Approve Board Resolution 14-30, including:

- Findings that the *Interim Guidance* provides criteria and direction to agencies for maximizing benefits to disadvantaged communities
- Affirmation that the *Interim Guidance* was developed in accordance with State law
- Direction to staff to incorporate proposed revisions